

Message Text

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PAGE 01 CARACA 10817 162104Z

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ACTION SS-25

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 551

C O N F I D E N T I A L CARACAS 10817

EXDIS

E.O. 11652: GDS

TAGS: ENRG, PFOR, VE

SUBJECT: FORMAL GOV COMPENSATION OFFER TO PETROLEUM
COMPANIES - ONE VERSION FOR OPERATING COMPANIES
AND ANOTHER FOR PARTICIPATING COMPANIES

REF: CARACAS 10672

1. WE HAVE NOW DETERMINED FROM GULF AND SUN OIL COMPANY THAT
THE TEXT OF THE COMPENSATION OFFER FORWARDED UNDER REFTEL WAS
THE VERSION GIVEN TO COMPANIES THAT OPERATE CONCESSIONS. THE
COMPANIES THAT PARTICIPATE IN A CONCESSION, BUT DO NOT FUNC-
TION AS THE OPERATOR, RECEIVED A TEXT WITH A DIFFERENT
ARTICLE IV.

2. THE TEXT OF THAT ARTICLE IN THE VERSION GIVEN TO PARTICIPANTS
CONSISTS OF ONE SUBPARAGRAPH ENTITLED "ON THE AUTHORIZATION FOR
THE OPERATION OF YOUR CONCESSIONS." AN INFORMAL TRANSLATION
OF THIS PARAGRAPH READS AS FOLLOWS:

3. "YOUR REPRESENTATIVE WILL AUTHORIZE THE ACTUAL OPERATOR
OF YOUR CONCESSIONS TO ENTRUST TO THE FIRM THAT IT CONSTITUTES
FOR THE PURPOSES FORESEEN IN THE FOURTH SECTION OF ARTICLE
6 OF THE ORGANIC LAW WHICH RESERVES TO THE STATE THE IN-
DUSTRY AND COMMERCE OF HYDROCARBONS, THE OPERATION OF THE
CONCESIONS, AS WELL AS THE USE OF THE RELATED ASSETS SUB-
JECT TO ENCUMBRANCE, USED IN ITS OPERATION AND UNDER THE
SOLE RESPONSIBILITY OF THE COMPANY YOU REPRESENT, AND YOU
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PAGE 02 CARACA 10817 162104Z

WILL TRANSFER THE PERSONNEL NECESSARY FOR THE CONTINUED

REGULAR AND EFFICIENT MANAGEMENT OF SAID CONCESSIONS. IT
IS UNDERSTOOD THAT THE CHANGE OF EMPLOYERS WILL OCCUR
WITHOUT RESOLVING THE ISSUE OF EMPLOYEE CONTINUITY, ON THE
DATE OF EXTINCTION OF THE CONCESSIONS, AND THAT THE COMPANY
YOU REPRESENT WILL RETAIN ITS RIGHTS OVER THE ASSETS AND
ITS CONCESSION TITLES UNTIL THE DATE OF EXTINGUISHMENT,
AT WHICH TIME THESE EXPRESSED RIGHTS WILL PASS TO THE
REPUBLIC."
SHLAUDEMAM

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